

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00 EB-07

FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06

LAB-04 SIL-01 L-03 PA-01 USIA-06 PRS-01 SP-02 /057 W

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R 171721Z NOV 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 7947

INFO AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY MONTEVIDEO

AMCONSUL RIO DE JANEIRO

"AMCONSUL SAO PAULO 1000

LIMITED OFFICIAL USE BUENOS AIRES 7555

E.O. 11652: N/A

TAGS: ELAB, EWWT, ETRD, EFIN

SUBJECT: PRESS REPORTS SETABCKS IN BUENOS AIRES PORT CONFLICT,
BUT PORT CAPTAIN MAINTAINS SOLUTION IN SIGHT; WAGE
INCREASE FOR OTHER LABOR SECTORS EXPECTED SHORTLY

REF: (A) BUENOS AIRES 7478, (B) BUENOS AIRES 7463

1. SUMMARY. ALTHOUGH THE MEDIA HAVE REPORTED THAT THE DOCK
CONFLICT WORSENEED AGAIN AT THE BEGINNING OF THIS WEEK, THE
BUENOS AIRES PORT CAPTAIN HAS PRIVATELY INSISTED TO EMBASSY
THAT A DEFINITIVE RESOLUTION OF THE PROBLEM IS IN SIGHT. IN
HIS JUDGMENT, A 30 PER CENT PAY INCREASE SOON TO BE IMPLEMENTED
WILL PROVE TO BE THE DECISIVE FACTOR. THE CAPTAIN ALSO MAIN-
TAINED THAT THE DISPUTE HAS BEEN GROSSLY EXAGGERATED BY THE
PRESS AND THAT AT NO TIME DID IT CONSTITUTE A REALLY SERIOUS
PROBLEM IN TERMS OF PORT TRAFFIC. A GOVERNMENT DECISION TO
RAISE WAGES FOR OTHER LABOR SECTORS BADLY HIT BY DECLINING
WORKER PURCHASING POWER EVIDENTLY IS ALSO IMMINENT. END SUMMARY.

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2. THE BUENOS AIRES PRESS REPORTED THAT THE "SLOWDOWN" OF

BUENOS AIRES PORT WORKERS INTENSIFIED AGAIN NOVEMBER 15, FOLLOWING THE IMPROVEMENT NOTED AT THE END OF LAST WEEK (REFTEL A). THE PRESS SPECULATED THAT THE CAUSES OF THE REPORTED SETBACK INCLUDED RUMORS OF IMPENDING CHANGES IN THE TRADITIONAL YEAR-END BONUS WHICH WOULD AFFECT THE WORKERS ADVERSELY (WHICH THE LABOR MINISTRY PROMPTLY DENIED) AND THE SUSPICION GAINING CURRENCY THAT THE EXPECTED 30 PER CENT SALARY INCREASE WOULD NOT BE GRANTED AFTER ALL. THE PRESS FURTHER REPORTED THAT FOREIGN SHIPPING LINES OR SHIPS CONTRACTED BY FOREIGN COMPANIES HAVE BEEN AFFECTED ONLY marginally BY THE LABOR DISPUTE BECAUSE THEY HAVE BEEN QUIETLY PAYING EXTRA BONUSES TO THE DOCK WORKERS ABOVE THOSE SET BY THE NEW WORK RULES, WHEREAS THE ARGENTINE SHIPPERS, PARTICULARLY THE STATE-OWNED ELMA LINE, HAVE BEEN THE MOST SERIOUSLY AFFECTED BECAUSE THEY HAVE ADHERED TO THE WORK RULES.

3. REPORTING BY THE MEDIA ABOUT THE WAGE ISSUES INVOLVED IN THE LABOR CONFLICT AND THEIR CONNECTION WITH THE NEW WORK RULES HAS BEEN CONFUSED AND MISLEADING--POSSIBLY THE RESULT OF A DELIBERATE DEARTH OF INFORMATION FROM OFFICIAL SOURCES. IT IS NOT CLEAR TO US, FOR EXAMPLE, WHETHER ANY WAGE INCREASES HAVE SO FAR BEEN OFFICIALLY DECREED AT ALL, AND WHETHER THEY REALLY SHOULD BE REGARDED AS "INCREASES." PRO-LABOR SOURCES ALLEGE THAT THE PRINCIPAL CAUSE OF THE CONFLICT WAS THAT THE SO-CALLED "INCREASES" ORIGINALLY CONTEMPLATED BY THE GOVERNMENT TO GO HAND IN HAND WITH THE NEW WORK RULES ACTUALLY SIGNIFIED A REDUCTION IN THE DOCK WORKERS' AVERAGE TAKE-HOME PAY. (EVIDENTLY IT WAS CUSTOMARY IN THE PAST, FOR EXAMPLE, TO PAY AN EXTRA BONUS FOR NOXIOUS CARGO WHETHER THE CARGO WAS NOXIOUS OR NOT.)

4. IN A CONVERSATION WITH LABATT, THE PORT CAPTAIN CHARGED THAT THE PRESS HAS BEEN SENSATIONALIST IN ITS COVERAGE OF THE DISPUTE. ACCORDING TO THE PORT CAPTAIN, 90 PER CENT OF THE PORT WAS WORKING NORMALLY AS OF NOVEMBER 16. IN EFFECT, SAID THE CAPTAIN, THE ONLY SHIPPING COMPANY STILL AFFECTED WAS ELMA. HE STATED THAT A GOVERNMENT DECISION TO GRANT PAY INCREASES ON THE ORDER OF 30 PER CENT WAS IMMINENT, AND HE FULLY EXPECTED THAT THIS WOULD DEFINITELY END THE PROBLEM. THIS WOULD BE A REAL, AND NOT A FICTITIOUS 30 PER CENT INCREASE LIMITED OFFICIAL USE

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IN TAKE-HOME PAY, HE ASSERTED. ASKED IF THE FOREIGN SHIPPING LINES WERE PAYING BONUSES UNDER THE TABLE, HE REPLIED THAT IT DIDN'T MAKE ANY DIFFERENCE IF THEY HAVE BEEN SINCE THE 30 PER CENT INCREASE WOULD BE RETROACTIVE ANYWAY. HE LAMBASTED THE PRESS, PARTICULARLY "LA OPINION," FOR GREATLY EXAGGERATING THE PORT PROBLEM AND DENIED THAT ANY SHIPS HAD SAILED AWAY WITH ONLY HALF LOADS ON ACCOUNT OF DELAYS ENCOUNTERED IN THE PORT. THE DELAYS IN LOADING OR UNLOADING HAVE NOT BEEN

SUBSTANTIALLY WORSE THAN NORMAL, HE SAID, AND HE FELT STRONGLY THAT THE DOCK PROBLEM HAD HAD NO PERCEPTIBLE EFFECT IN TERMS OF INTERNATIONAL SHIPPING SCHEDULES. NOR WOULD ARGENTINA'S GRAIN EXPORTS BE PREJUDICED IN ANY WAY.

5. THIS MORNING'S PRESS (NOVEMBER 17) APPEARED TO TAKE NOTE OF A NEW TENDENCY TOWARD NORMALIZATION OF WORK ACTIVITIES ON THE DOCKS, A NEW FACTOR TENDING TO EASE THE PROBLEM FURTHER BEING A LABOR MINISTRY DECISION JUST ANNOUNCED TO ADVANCE THE PAYMENT OF THE YEAR-END BONUS. "LA OPINION" ALSO SUGGESTED THERE WAS A POSSIBILITY OF FURTHER REVISION OF THE WORK RULES. THE BUENOS AIRES "HEARLD" IN ITS EDITORIAL COLUMN THIS MORNING TOOK THE LABOR MINISTRY DECISION TO TASK--SEEING IT AS A HURRIED, NOT WELL THOUGHT-OUT ATTEMPT TO APPEASE THE PORT WORKERS THAT WOULD HAVE THE EFFECT OF FURTHER ENCOURAGING OTHER OTHER LABOR SECTORS--ADMITTEDLY BADLY AFFECTED BY THE CURRENT 8 TO 10 PER CENT COST OF LIVING INCREASE PER MONTH--TO INCREASE THEIR PRESSURE ON THE GOVERNMENT FOR RELIEF IN THEIR CASES. THE "HERALD" SAW THIS AS A DANGEROUS PRECEDENT, NOT ONLY BECAUSE OF THE POTENTIALLY VOLATILE LABOR SITUATION, BUT BECAUSE IT DEMONSTRATED WEAKNESS ON THE GOVERNMENT'S PART. "IT IS NO SECRET," SAID THE HERALD, "THAT SOME OF THE GOVERNMENT'S STAUNCHEST SUPPORTERS ARE FEELING RATHER FRUSTRATED AT WHAT MANY INTERPRET AS THE MILITARY'S FAILURE TO BE MILITARY." CONCLUDED THE "HERALD," ONLY A COHERENT SYSTEM OF WAGE ADJUSTMENTS "WILL REASSURE GOVERNMENT SUPPORTERS THAT THE ECONOMY IS BEING CONDUCTED ON A FIRM AND UNWAVERING BASIS OF POLICY."

6. ACCORDING TO PRESS REPORTS, A GOVERNMENT DECISION IS EXPECTED AT THE END OF THIS WEEK AS TO WHICH LABOR SECTORS WILL BE BENEFITED BY THE NEXT WAGE ADJUSTMENT AND BY WHAT PROPORTIONS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ECONOMIC CONDITIONS, LABOR DISPUTES, PORT CHARGES, WAGE RATES, GOVERNMENT MINISTRIES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUENOS07555
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760430-0762
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761137/aaaabfta.tel
Line Count: 155
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BUENOS AIRES 7478, 76 BUENOS AIRES 7463
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUL 2004 by ElyME>; APPROVED <27 OCT 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS REPORTS SETABCKS IN BUENOS AIRES PORT CONFLICT, BUT PORT CAPTAIN MAINTAINS SOLUTION IN SIGHT; WAGE INCREASE FOR OTHER LABOR SECTORS EXPECTED S HORTLY
TAGS: ELAB, EWWT, ETRD, EFIN, AR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006